



# NEWSLETTER



March 2011

## Kentucky FSA State Office

**John W. McCauley**  
State Executive  
Director  
771 Corporate Dr.  
Ste 100  
Lexington, KY 40503

859-224-7601 phone  
859-224- 7691 fax  
[www.fsa.usda.gov/ky](http://www.fsa.usda.gov/ky)

**Hours**  
Monday - Friday  
7:30 a.m. - 4:30 p.m.

## State Staff

Robert W. Finch, Chief  
Farm Programs

Mitchell W. Whittle,  
Chief  
Farm Loans

Debbie Wakefield, Chief  
Administrative Officer

## CRP Signup Opens

The Conservation Reserve Program (CRP) general signup begins on March 14, 2011, and continue through April 15, 2011. During the signup period, farmers and ranchers may offer eligible land for CRP's competitive general signup at their county Farm Service Agency (FSA) office.

Land currently not enrolled in CRP may be offered in this signup provided all eligibility requirements are met. Additionally, current CRP participants with contracts expiring this fall may make new contract offers. Contracts awarded under this signup are scheduled to become effective Oct. 1, 2011.

FSA, which administers the CRP program, will evaluate and rank eligible CRP offers using an Environmental Benefits Index (EBI) that shows the environmental benefits to be gained from enrolling the land in CRP. The EBI consists of five environmental factors (wildlife, water, soil, air and enduring benefits) and cost. Decisions on the EBI cutoff will be made after the sign-up ends and after analyzing the EBI data of all the offers.

In addition to the general sign-up, CRP's continuous sign-up program will be ongoing. Continuous acres represent the most environmentally desirable and sensitive land. More information can be found online at:

<http://www.fsa.usda.gov/crp>

## 2011 DCP Signup

Enrollment for the 2011 Direct and Counter-cyclical Program (DCP) will continue through June 1, 2011. USDA urges producers to make use of the eDCP

can visit any USDA Service Center to complete their 2011 DCP contract.

USDA computes DCP Program payments using base acres and payment yields established for each farm. Eligible producers receive direct payments at rates established by statute regardless of market prices. For 2011, eligible producers may request partial direct payments as an advance on the total amount.

## ACRE

The optional ACRE Program provides a safety net based on state revenue losses and acts in place of the price-based safety net of counter-cyclical payments under DCP. The June 1, 2011, signup deadline is mandatory for all participants. USDA will not accept any late-filed applications.

A farm's payment is based on a revenue guarantee calculated using a 5-year average state yield and the most recent 2-year national price for each eligible commodity.

An ACRE payment is issued when both the state and the farm have incurred a revenue loss. The payment is based on 83.3% (85% in 2012) of the farm's planted acres times the difference between the state ACRE guarantee and the state revenue times the ratio of the farm's yield divided by the state expected yield. The total number of planted acres for which a producer may receive ACRE payments may not exceed the total base on the farm. In exchange for participating in ACRE, in addition to not receiving counter-cyclical payments, a farm's direct payment is reduced by 20%, and marketing loan rates are reduced by 30%.

The decision to enroll in the ACRE Program is irrevocable. The owner of the farm and all producers on the farm must agree to enroll in ACRE. Once enrolled, the farm shall be enrolled for that initial crop year and will remain in ACRE through the 2012 crop year.



### **Socially Disadvantaged/ Limited Resource Farmers**

Applicants, who meet criteria for either limited resource or socially disadvantaged may be eligible for waived fees, directed funding or eligibility exemptions for certain FSA programs. The rule is program specific. Socially disadvantaged is defined as being a member of a group whose members have been subject to racial or ethnic prejudice because of their identity as members of the group without regard to their individual qualities.

Contact the local county office for additional information.

## **Livestock Programs Available**

FSA administers several programs that may be available to assist livestock producers who suffer natural disaster losses, resulting from drought, flood, fire, freeze, tornadoes, and other calamities. Producers need to document the number and kind of livestock that have died as a direct result of any natural disaster. There may also be situations where producers are transporting feed to their livestock. Producers should document these additional costs.

Among the key programs are the Livestock Indemnity Program (LIP) and the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP). For livestock death losses to be eligible under LIP, producers must file a notice of loss with their local FSA office within 30 calendar days from when the loss is apparent to the producer.

Contact your local FSA office for additional information.

## **Asparagus Program Opens**

Domestic asparagus producers may sign up for compensation due to marketing losses resulting from imports during the 2004 through 2007 crop years. Producers may apply for compensation beginning on February 7<sup>th</sup> through April 8, 2011.

The Asparagus Revenue Market Loss Assistance Payment Program (ALAP) provides a one-time payment to eligible asparagus producers. Maximum per pound payment rates are \$1.06 per pound for fresh market asparagus and \$1.08 per pound for asparagus marketed for processing. Payments to asparagus producers will be calculated for each asparagus farm operation based on their 2003 marketed production quantities. ALAP provides an allocation of \$7.5 million for payments for asparagus marketed as fresh, and \$7.5 million for payments for processed asparagus. If the total value of payments claimed at the maximum payment rates exceeds available funding, payments will be factored uniformly to limit total payments to the funds available. Eligible producers must also have produced and marketed

asparagus in commercial quantities in commercial markets in the U.S. during both of the 2003 and 2007 crop years. A producer that did not harvest asparagus in 2007 does not meet that eligibility requirement.

For more information on the ALAP Program, contact the nearest Farm Service Agency county office or go online to <http://www.fsa.usda.gov>.

## **NAP Enrollment**

Producers must apply for coverage before a disaster strikes. Noninsured Crop Disaster Assistance Program (NAP) applications for coverage must be filed using Form CCC-471 and pay the applicable service fees by the application closing date. Application closing dates vary by crop. Producers can contact their FSA Office for specific crop application sales closing dates.

Producers are reminded about the need for insurance coverage on crops in order to remain eligible for the agency's Disaster Assistance Programs such as SURE, LFP, TAP, and ELAP. Producers must purchase at least catastrophic (CAT) level of insurance for **all** insurable crops.

NAP provides coverage to producers for non-insurable crops when low yields, loss of inventory or prevented planting occur due to natural disasters. Crops eligible for NAP coverage are those for which crop insurance is not available, including fruits and vegetables, aquaculture, pecans, turf grass and forage crops just to name a few.

More information about NAP may be found on the FSA web site located at <http://www.fsa.usda.gov>

**Farm Records Changes;** If you have sold or bought land, changed tenants, or rented additional land for 2011, please notify your local FSA Office so farm records can be updated.

## **Controlled Substance**

Any person who is convicted under federal or state law of a controlled substance violation could be ineligible for USDA payments or benefits. Violations include planting, harvesting or growing a prohibited plant. Prohibited plants include marijuana, opium, poppies and other drug producing plants.

## FSA Payment Record

During the last week of January, producers who have received payments from FSA should have also received a CCC-1099-G from the Kansas City office. A CCC-1099-G is a report to the Internal Revenue Service about FSA payments made to you during the previous calendar year. The CCC-1099-G is a service to help participating producers report taxable income. It is not intended to replace the program participant's responsibility to report income to the IRS.

If you received a CCC-1099-G, we recommend you check the amounts shown with those in your records to see that the amounts are correct. Refunds will no longer be reported on the 1099-G, but will be available online from the FSA Financial Inquiries (FSA-FI) web-based database. Program participants with eAuthentication user ID's and passwords can access their refund information at FSA-FI and select "Inquiry Type 1099/Refund Reports". Refund amounts are displayed on the Producer's Year-to-Date Activity web page. The forms can be obtained online at: [https://saltlake.sc.egov.usda.gov/padesign/public/financial\\_reports.asp](https://saltlake.sc.egov.usda.gov/padesign/public/financial_reports.asp)

If you have a question concerning the 1099-G refund information, you may contact your local FSA office for assistance locating the correct payment data. If you choose to visit the office, bring your CCC-1099-G with you.

## Actively Engaged

USDA has amended the requirements of being 'actively engaged' in farming. These rules apply to eligibility for **payments** under the Direct and Counter-cyclical Program (DCP) or Average Crop Revenue Election (ACRE) program administered by FSA.

Normally the stockholder or a member of a legal entity **must** make contributions of active personal labor

and/or active personal management for the farming operation. The contributions are to be performed on regular basis, must be identifiable, and separate from the contributions of others.

The exception to this rule for a stockholder or member of a legal entity only occurs when both of the following apply:

- At least half of the interest in the legal entity is held by stockholders or members who are providing active personal labor or active personal management; and
- The total direct payments received by the legal entity and each of the members can't exceed \$40,000.

## Adjusted Gross Income

USDA and the Internal Revenue Service have an electronic information exchange process for verifying compliance with the adjusted gross income (AGI) provisions for farm programs. Written consent will be required from each producer or payment recipient for the tax review process. No actual tax data will be included in the report that IRS sends to USDA.

This to ensure that payments are not issued to producers whose AGI exceeds certain limits. The limits set in the 2008 Farm Bill are \$500,000 nonfarm average AGI for commodity and disaster programs; \$750,000 farm average AGI for direct payments; and \$1 million nonfarm average AGI for conservation programs.

Participants in CCC programs subject to AGI rules must submit form CCC 927 (Individual) and/or CCC 928 (Legal Entity) to the Internal Revenue Service by June 15 to avoid interruption of program benefits. On the form, participants are to select only the year or years for which program payments are requested and written consent was not previously submitted. These forms may be obtained from local FSA and NRCS offices or online at: <http://forms.sc.egov.usda.gov/eforms/mainserve.t>.

### Notice to Hispanic and/or Women Farmers or Ranchers

If you are a woman or Hispanic farmer and believe you were improperly denied farm loan benefits by USDA between 1981 and 2000. You may be eligible for compensation. To register your name to receive a claims packet, call the Farmer and Rancher Call Center at 1-888-508-4429 or visit: [www.farmerclaims.gov](http://www.farmerclaims.gov)

**Signature Authority for Spouses:** A husband and wife may sign FSA and CCC documents on behalf of each other unless written notification has been provided to the FSA office denying a spouse this authority. Spouses may sign most documents, except promissory notes, CRP easements, and certain security agreements.



## Foreign Buyers Notification

The Agricultural Foreign Investment Disclosure Act (AFIDA) requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. Foreign persons who have purchased or sold agricultural land in the county are required to report the transaction to FSA within 90 days of the closing. Failure to submit the AFIDA report could result in civil penalties of up to 25 percent of the fair market value of the property.

## Changing Banks

Almost all Farm Service Agency payments are made electronically using Direct Deposit.

To keep the system running smoothly, it's critical to keep the county office staff up to date on changes you might make in your financial institutions.

If you have changed accounts or institutions that might affect the direct deposit of your FSA payments, contact the FSA county office so we can update our files to insure continued uninterrupted service.

## FSA Farm Loans

FSA offers loans for farmers and ranchers to purchase farmland and finance agricultural operations. FSA loan programs are designed to help producers who are temporarily unable to obtain private or commercial credit. In many cases, applicants are beginning farmers who have insufficient net worth to qualify for financing through a commercial lender. In other instances, borrowers might have suffered setbacks from natural disasters or might be persons with limited resources.

Farm ownership loans or farm operating loans may be obtained as direct loans for a maximum of up to \$300,000. Guaranteed loans can reach a maximum indebtedness of \$1,119,000. Emergency loans are always direct loans for farmers who may have suffered physical or production losses in disaster areas designated by a Presidential, Secretarial, or Administrator's disaster declaration. Rural Youth Loans, loans to Beginning Farmers and loans for socially disadvantaged applicants are also available through FSA.

For detailed information on loan eligibility you may contact the local FSA county office staff for an appointment with a farm loan officer.

## Youth Loans Available



*Left to right: Nick Jesse and Justin Tudor of Metcalfe Co., participants in the FSA Youth Loan Program*

Farm Service Agency has a unique loan program available for youths ages 10-20 who are involved in an organization such as FFA or 4-H for a supervised project. The project could be for various purposes such as a cow/calf operation, crop production, and livestock projects involved in fairs. These loans can be made for up to a maximum amount of \$5,000.00 with the term for repayment from 1-7 years depending upon the security and purpose of the loan. **THESE ARE EXCELLENT LOANS FOR RURAL YOUTH!!!** Applying for and obtaining a loan helps young people in financial and production recordkeeping, as well as teaching them the responsibilities of paying back a loan. The responsibilities involved with managing your own project and obtaining the financing for it teach lifelong skills that are a necessity in any type business.

For additional information or if you would like to apply for a loan, please contact your local FSA County Office.

## Special Accommodations

Special accommodations will be made upon request for individuals with disabilities, vision impairment or hearing impairment. If accommodations are required, individuals should contact the county FSA office staff directly or by phone.

Mark your calendar for these important 2011 deadlines.

Date	CROP
3/1/2011	Alfalfa, Clover, Grass, Mix-FG -NAP Coverage
3/15/2011	Beans, Beets, Broccoli, Cabbage, Canola-SPR, Cantaloupe, Carrots, Cauliflower, Corn, Cucumbers, Eggplant, Gourds, Herbs, Lettuce, Oats-SPR, Onions, Peas, Peppers, Potatoes, Pumpkins, Radish, Sorghum, Soybeans, Squash, Strawberries, Sunflowers, Sweet Potatoes, Tomatoes, Turnips, Watermelons - NAP Coverage
3/31/2011	Final availability date for Marketing Assistance Loans for small grains, Barley, Oats, and Wheat
4/8/2011	Asparagus Signup Deadline
4/15/2011	CRP General Signup Deadline
5/1/2011	Nursery - NAP Coverage
5/31/2011	Final Date to certify small grains planted acreage
5/31/2011	Final availability date for Marketing Assistance Loans for Corn, Grain Sorghum, and Soybeans
6/1/2011	ACRE and DCP Signup Deadline
7/15/2011	*Final Crop reporting date for all other crops, including CRP, except small grain and value loss crops
7/29/2011	2009 SURE Deadline
9/1/2011 Prior Year	Christmas Trees, Crustaceans, Finfish, Flowers, Ginseng, Grass-Sod- NAP Coverage
9/30/2011 Prior Year	Barley-GR, Canola-FAL, Oats, Rye-WTR, TEFF, Wheat - NAP Coverage
11/20/2011 Prior Year	Apples, Blueberries, Caneberries, Cherries, Chestnuts, Grapes, Honey, Peaches, Pears, Pecans, Plums, Rhubarb - NAP Coverage

***\*Exception: CROPS insured through NAP must report the earlier of: 15 calendar days before the onset of harvest or grazing, or July 15.***

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To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer."